Important information about Syndicate Underwriting Year Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The Syndicate Underwriting Year Accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only.

The Syndicate Underwriting Year Accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the Syndicate Underwriting Year Accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby.

Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year. You acknowledge and agree to the foregoing as a condition of your accessing the Syndicate Underwriting Year Accounts. You also agree that you will not provide any person with a copy of any syndicate underwriting year accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.

Blenheim Underwriting Limited

Syndicate Underwriting Year Accounts
For the 2022 Year of Account
Closed at 31 December 2024

Contents

Directors and Administration

Managing Agent

Blenheim Underwriting Limited

Directors

Nicholas Joseph Destro
Sharon Julia Ingham
John Anthony Lynch
Tessa Helen Mijatovic
Peter David Scales
Christopher Norman Clark*
Kenneth Douglas Curtis* (appointed on 1 February 2024)
Esther Ruth Felton*
John Charles Hamblin* (resigned 31 March 2024)
Lawrence Albert Holder (Chair)*
Michael James Leonard*

*Non-Executive Directors

Company Secretary

Shirley Anne Holley

Managing Agent's Registered Office

7th Floor
70 Mark Lane
London
EC3R 7NQ

Managing Agent's Registered Company Number

10254215

Active Underwriter

N J Destro

Bankers

Barclays Bank Plc
Citibank N.A.
RBC Dexia

Investment Manager

Conning Asset Management Limited

Registered Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Managing Agent's Report for the 2022 Closing Year of Account

For the 36 months ended 31 December 2024

The Directors of Blenheim Underwriting Limited ("Blenheim") present their report at 31 December 2024 for the 2022 closed Year of Account.

This report is prepared in accordance with the Lloyd's Syndicate Byelaw (No 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Business Review

A summary of the 2022 Year of Account performance is given in the accompanying Underwriter's Report within the Syndicate Annual Report and Accounts.

Underwriting year results

The Syndicate generated a profit of £28.8m after personal expenses (other than members' agents fees) on gross premiums written of £405.1m for the 2022 underwriting year.

Principal activities and review of the business

The Syndicate's principal activity is the underwriting of direct insurance and reinsurance business in the Lloyd's market.

Gross premium written income by class of business for the Year of Account were as follows;

	2022 £m
Property Treaty	115.9
Direct Property	163.0
Contingency	12.3
Accident & Health	19.0
Specialty Treaty	79.7
Construction	3.7
Political Risk	11.5
	405.1

The Syndicate's key financial performance indicators for the Year of Account were as follows;

	2022 £m
Gross premiums written	405.1
Total comprehensive profit	28.8
Net combined ratio	93.8%

The net combined ratio is the ratio of claims incurred, net of reinsurance and net operating expenses to earned premiums, net of reinsurance.

Managing Agent's Report for the 2022 Closing Year of Account
(continued)

Disclosure of Information to the Auditor

So far as each person who was a Director of the Managing Agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with their report, of which the auditor is unaware. Having made enquiries of fellow Directors of the Agency and the Syndicate's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make he/she aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board of directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk and capital management.

Approved by the Board of Directors and signed on behalf of the Board.

J A Lynch
Director
4 March 2025

Statement of Managing Agent's Responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the Managing Agent to prepare Syndicate Underwriting Year Accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close ("RITC") which give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005).

In preparing the Syndicate Underwriting Year Accounts, the Managing Agent is required to:-

- select suitable accounting policies and apply them consistently throughout each underwriting year and from one underwriting year to the next. Where items affect more than one underwriting year, the Managing Agent must ensure that the Syndicate treats the affected member equitably. In particular, the premium charged for reinsurance to close should be equitable between the reinsured and reinsuring members of the Syndicate;

- take into account all income and charges relating to a closed Year of Account without regard to the date of receipt or payment;

- make judgements and estimates that are reasonable and prudent; and

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate Underwriting Year Accounts comply with the Lloyd's Regulations 2008 and Syndicate Accounting Byelaw. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the business website. Legislation in the UK governing the preparation and dissemination of the Syndicate Underwriting Year Accounts may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Syndicate 5886 – 2022 closed year of account

Report on the audit of the Syndicate Underwriting Year Accounts for the 2022 closed year of account for the three years ended 31 December 2024

Opinion

In our opinion the Syndicate Underwriting Year Accounts of Syndicate 5886 (the 'Syndicate'):

- give a true and fair view of the profit for the 2022 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) and sections 4 and 5 of the Syndicate Accounts Instructions Version 2.0 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's (the "Lloyd's SyndicateAccounts instructions").

We have audited the Syndicate Underwriting Year Accounts which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in members' balances;
- the statement of cash flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and theLloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law and the Syndicate Accounts Instructions. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Syndicate Underwriting Year Accounts section of our report.

We are independent of the Syndicate in accordance with the ethical requirements that are relevant to our audit of the Syndicate Underwriting Year Accounts in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of Syndicate 5886 – 2022 closed year of account *(continued)*

Other information

The other information comprises the information included in the annual report, other than the Syndicate Underwriting Year Accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the Syndicate Underwriting Year Accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Syndicate Underwriting Year Accounts, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of managing agent

As explained more fully in the managing agent's responsibilities statement, the managing agent is responsible for the preparation of the Syndicate Underwriting Year Accounts under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), and for being satisfied that they give a true and fair view of the result, and for such internal control as the managing agent determines is necessary to enable the preparation of Syndicate Underwriting Year Accounts that are free from material misstatement, whether due to fraud or error.

In preparing the Syndicate Underwriting Year Accounts, the managing agent is responsible for assessing the Syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to do so.

Auditor's responsibilities for the audit of the Syndicate Underwriting Year Accounts

Our objectives are to obtain reasonable assurance about whether the Syndicate Underwriting Year Accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Syndicate Underwriting Year Accounts.

A further description of our responsibilities for the audit of the Syndicate Underwriting Year Accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Syndicate 5886 – 2022 closed year of account *(continued)*

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Syndicate and its control environment and reviewed the Syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the underwriting year accounts. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the underwriting year accounts but compliance with which may be fundamental to the Syndicate's ability to operate or to avoid a material penalty. These included permissions and supervisory requirements of Lloyd's of London, The Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") and the requirements of Solvency UK.

We discussed among the audit engagement team including relevant internal specialists such as actuarial and, IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the underwriting year accounts.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Estimation of pipeline premiums requires significant management judgement and therefore there is potential for management bias through manipulation of core assumptions. In response our testing included, for classes associated with significant risk, on a sample basis, comparing management's estimates on prior year policies against actual premiums received as well as to historical experience on similar policies.

Independent auditor's report to the members of Syndicate 5886 – 2022 closed year of account *(continued)*

Extent to which the audit was considered capable of detecting irregularities, including fraud *(continued)*

- Valuation of technical provisions in relation to incurred but not reported claims ("IBNR") includes assumptions requiring significant management judgement, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks, we involved our actuarial specialists to develop independent estimates of the technical provisions for classes associated with significant risk and we tested the adjustments made to technical provisions outside of the normal reserving process. In addition, significant management judgement is exercised in the valuation of Catastrophe IBNR reserves given uncertainties in estimating claims emergence relating to event frequency and severity, data limitations and reinsurance recoveries. We assessed a sample of Catastrophe IBNR reserves classified as significant risk by inspecting case documentation, challenging management judgements, and performing benchmarking where possible.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing underwriting year accounts disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the underwriting year accounts;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with Lloyd's, PRA and FCA.

Independent auditor's report to the members of Syndicate 5886 – 2022 closed year of account *(continued)*

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the managing agent's report for the financial year for which the Syndicate Underwriting Year Accounts are prepared is consistent with the Syndicate Underwriting Year Accounts; and
- the managing agent's report has been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

In the light of the knowledge and understanding of the Syndicate and its environment obtained in the course of the audit, we have not identified any material misstatements in the managing agent's report.

Matters on which we are required to report by exception

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the Syndicate has not kept adequate or proper accounting records; or
- the Syndicate Underwriting Year Accounts are not in agreement with the accounting records or
- we have not received all the information and explanations we require for our audit; or
- the Syndicate Underwriting Year Accounts are not in compliance with the requirements of paragraph 5 of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Syndicate's members, as a body, in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Newton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 March 2025

Statement of Comprehensive Income

Technical account – General business

For the 36 months ended 31 December 2024

	Note	£'000	£'000
Earned premiums, net of reinsurance			
Gross premiums written	5	405,079	
Outward reinsurance premiums		(79,643)	
			325,436
Change in the provision for unearned premiums Gross amount		8,721	
Reinsurers' share		(3,901)	4,820
			330,256
Reinsurance to close premium receivable, net of reinsurance	7		80,212
Allocated investment return transferred from the non-technical account	10		13,828
Claims incurred, net of reinsurance			
Claims paid:			
- Gross amount		(222,958)	
- Reinsurers' share		33,444	
Net claims paid		(189,514)	
Reinsurance to close premium payable, net of reinsurance	8	(101,804)	
			(291,318)
Net operating expenses	9		(98,502)
Balance on the technical account – general business			34,476

The underwriting year closed and therefore all items relate to discontinued operations.

The notes on pages 15 to 26 form part of these Syndicate Underwriting Year Accounts.

Statement of Comprehensive Income *(continued)*

Non-technical account – General business

For the 36 months ended 31 December 2024

	Note	£'000
Balance on the technical account – general business	6	34,476
Investment return		13,828
Allocated investment return transferred to the general business technical account		(13,828)
Exchange gain		(166)
Profit for the closed Year of Account		34,310

Non-technical account – General business

For the 36 months ended 31 December 2024

	£'000
Profit for the closed Year of Account	34,310
Currency translation differences	(5,526)
Total comprehensive profit for the closed Year of Account	28,784

The underwriting year closed and therefore all items relate to discontinued operations.

The notes on pages 15 to 26 form part of these Syndicate Underwriting Year Accounts.

Statement of Financial Position

As at 31 December 2024

	Note	£'000	£'000
ASSETS			
Investments	11		208,101
Debtors			
Debtors arising out of direct insurance operations	12	9,754	
Debtors arising out of reinsurance operations	13	26,437	
Other debtors, prepayments and accrued income		6,905	
			43,096
Reinsurance recoveries anticipated on gross reinsurance premiums payable to close the account			41,158
Other Assets			
Cash at bank and in hand	17	2,525	
Overseas deposits		7,624	
			10,149
Total assets			302,504
LIABILITIES			
Amounts due to members			27,984
Reinsurance to close premiums payable to close the account – gross amount			142,962
Creditors			
Creditors arising out of direct insurance operations	14	1,145	
Creditors arising out of reinsurance operations	15	17,918	
Inter-year loans	16	107,473	
Other creditors, accruals and deferred income		5,022	
			131,558
Total liabilities			302,504

The notes on pages 15 to 26 form part of these Syndicate Underwriting Year Accounts.

The Syndicate Underwriting Year Accounts were approved by the Board on 4 March 2025 and were signed on its behalf by

S J Ingham
Director
4 March 2025

Statement of Members' Balances

For the 36 months ended 31 December 2024

	£'000
Total comprehensive profit for the closed Year of Account	28,784
Members' agents' fees paid on behalf of members	(800)
Members' balances carried forward at 31 December 2024	27,984

The notes on pages 15 to 26 form part of these Syndicate Underwriting Year Accounts.

Statement of Cash Flows

	Note	£'000
Cash flows from operating activities		
Profit for the closed Year of Account		34,310
Increase in debtors		(36,412)
Increase in creditors		126,536
Movement in other assets/liabilities/foreign exchange		(6,529)
Investment income		(13,828)
RITC premium payable, net of reinsurance		101,804
Net cash inflow from operating activities		205,881
Cash flows from investing activities		
Purchases of other financial investments		(365,289)
Sales of other financial investments		160,245
Investment income received		13,167
Increase in overseas deposits		(7,624)
Net cash outflow from investing activities		(199,501)
Cash flows from financing activities		
Members' agents fees paid on behalf of members		(800)
Net cash outflow from financing activities		(800)
Net increase in cash and cash equivalents		5,580
Cash and cash equivalent at 1 January 2022		-
Cash and cash equivalent at end of the Year of Account	17	5,580

The notes on pages 15 to 26 form part of these Syndicate Underwriting Year Accounts.

Notes to the Syndicate Underwriting Year Accounts

For the 36 months ended 31 December 2024

1. Basis of preparation

The Syndicate Underwriting Year Accounts have been prepared under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Lloyd's Regulations") and in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom, including relevant disclosures of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK (“FRS 102”) and Financial Reporting Standard 103 Insurance Contracts (“FRS 103”).

The Syndicate Underwriting Year Accounts are prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

The Syndicate's functional currency is US Dollars, being the primary economic environment in which it operates. The accounts have been presented in Sterling (GBP), which is the Syndicate’s presentation currency and rounded to the nearest £'000.

Members participate on a Syndicate by reference to a Year of Account and each Syndicate Year of Account is a separate annual venture. These accounts relate to the 2022 Year of Account which has been closed by way of Reinsurance to Close “(RITC”) at 31 December 2024. Consequently, the Statement of Financial Position represents the assets and liabilities of the 2022 Year of Account at the date of closure and the Statement of Comprehensive Income reflects the transactions for that Year of Account during the 36 months period until closure. As each Syndicate Year of Account is a separate annual venture, there are no comparative figures.

The 2022 underwriting year has now closed. The Directors of the Managing Agent have prepared the underwriting year accounts on a non-going concern basis. There was no effect of this on the amounts reported in the accounts.

2. Accounting policies

Significant accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate Underwriting Year Accounts.

Underwriting transactions

The underwriting accounts for each Year of Account are normally kept open for three years before the result on that year is determined. At the end of that three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the Year of Account to be closed by payment of a RITC premium to the successor Year of Account.

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are charged to the Year of Account to which the relevant policy is allocated. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the Year of Account into which the arrangement incepts. Additional and return premiums follow the Year of Account of the original premium. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

2. Accounting policies *(continued)*

Underwriting transactions *(continued)*

Gross premiums written are earned over the period of the policy on a time apportionment basis having regard, where appropriate, to the incidence of risk.

Outwards reinsurance premiums ceded are attributed to the same year as the original risk being protected.

Gross claims paid are allocated to the same Year of Account as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses. Reinsurance recoveries are allocated to the Year of Account to which the claim was charged.

The RITC premium is determined by reference to the outstanding technical provisions (including those for outstanding claims and unearned premiums, net of deferred acquisition costs and unexpired risks and annual reinstatement premiums) relating to the closed year and to all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The RITC premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year (and previous closed years reinsured therein) to the members of the successor Year of Account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The outstanding claims comprise amounts set aside for claims notified and claims Incurred But Not Reported ("IBNR"). Notified claims are estimated on a case-by-case basis with regard to the circumstances as reported, any information available from loss adjusters and previous experience of the cost of settling claims with similar characteristics. The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The provision for claims includes amounts in respect of internal and external claims handling costs.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved.

The Syndicate uses a number of statistical techniques to assist in making the above estimates. The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The methods used, and the estimates made, are reviewed regularly.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

2. Accounting policies *(continued)*

Underwriting transactions *(continued)*
A provision for unexpired risks is created where claims, related expenses and deferred acquisition costs, likely to arise after the Statement of Financial Position date in respect of contracts relating to the closing Year of Account, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

Acquisition costs, comprising commission and other internal and external costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums at the Statement of Financial Position date.

Profit commissions on contracts are estimated based on underlying profitability and accrued where the amount can be estimated with reasonable certainty.

Profit Commission
Profit Commission is charged by the Managing Agent at a rate of 20% of the profit on an earned Year of Account basis subject to the operation of a two-year deficit clause. The Profit Commission is payable after the appropriate Year of Account closes.

Financial assets and liabilities
In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

Financial assets and financial liabilities at fair value through Statement of Comprehensive Income comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, units in unit trusts, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that
commits itself to purchase or sell the asset.

Initially, financial assets and liabilities are measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss). Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

2. Accounting policies *(continued)*

Financial assets and liabilities *(continued)*

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Interest income on financial assets measured at amortised cost is recognised using the effective interest method. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is recognised as it accrues on the next coupon payment.

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised gains and losses on investments represent the difference between the fair value at the Statement of Financial Position date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

2. Accounting policies *(continued)*

Investment return *(continued)*

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business technical account to reflect the investment return on funds supporting underwriting business.

Syndicate operating expenses

Costs incurred by the Managing Agent in respect of the Syndicate are recharged to the Syndicate and included within the relevant Statement of Comprehensive Income account heading. Where expenses do not relate to any specific Year of Account, they are apportioned between years of account on a basis which reflects the benefit obtained by each Year of Account from each type of expense.

Where expenses are incurred jointly by the Managing Agent and the Syndicate, they are apportioned as follows:

- **Salaries and Related Costs**
  - According to time of each individual spent on Syndicate matters.
- **Accommodation Costs**
  - According to number of personnel.
- **Other Costs**
  - As appropriate in each case.
- **Pensions**
  - The Managing Agent operates a defined contribution scheme. Pension contributions to Syndicate staff are charged to the Syndicate and included within net operating expenses.

Amounts recharged by the Managing Agent include costs arising from the use of assets in the period. These rental costs are expensed in full in the period to which the recharge relates.

Offsetting

The Syndicate sets off and presents its financial assets and liabilities net where:

(i) each it and another party owes the other determinable amounts,

(ii) it has the right to set off the amount owed with the amount owed by the other party,

(iii) it intends to set off, and

(iv) the right of set off is enforceable at law.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

2. Accounting policies *(continued)*

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic income tax deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with HM Revenue & Customs.

Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

Foreign currencies

The Syndicate's functional currency is US Dollars being the primary economic environment in which it operates. The Syndicate's presentation currency is Sterling (GBP).

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions or appropriate average rate. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Exchange differences are recorded in the non-technical account.

In translating its results and financial position into the presentational currency, the Syndicate translates all assets and liabilities at the closing rates of exchange and translates all income and expense items at average rates, with all resulting exchange gains and losses recognised in other comprehensive income.

3. Critical accounting judgements and key sources of estimation uncertainty

Significant accounting estimates and judgements

In preparing these Syndicate Underwriting Year Accounts, the Directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Critical accounting judgements

There have been no critical accounting judgements made in the process of applying the Syndicate's accounting policies, other than those involving estimations that have had a significant effect on the amounts recognised in the Syndicate Underwriting Year Accounts.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

3. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Claims outstanding and related reinsurance recoveries
The measurement of the provision for claims outstanding involves assumptions and estimates about the future that have the most significant effect on the amounts recognised in the annual accounts.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the Statement of Financial Position date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported to the Syndicate.

The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking and case by case review. Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims.

Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated based on the information currently available to them, the ultimate liability will vary as a result of subsequent information and events.

4. Risk management

Effective from 31 December 2024, the RITC process means that Insurance, Financial, Credit, Liquidity, Market and Capital risks for the Syndicate’s 2022 and prior years of account are transferred to the accepting 2023 Year of Account of the Syndicate. Accordingly, these underwriting year accounts do not have any associated disclosures as required by section 34 of FRS 102 and FRS 103. Full disclosures relating to these risks are provided in the main annual accounts of the Syndicate.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

5. Particulars of business written

An analysis of the underwriting result before investment return is set out below:

	Gross premium written	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct Insurance;						
Accident & Health	15,376	15,185	(9,394)	(6,243)	(1,166)	(1,618)
Motor (other)	11,283	11,306	(6,191)	(3,672)	(1,439)	4
Aviation and Transport	12,344	12,683	(7,882)	(2,997)	296	2,100
Fire and other damage to property	128,179	129,324	(52,934)	(35,613)	(11,216)	29,561
Third party liability	(43)	(38)	(101)	13	(3)	(129)
Credit and suretyship	24,098	24,268	(9,950)	(6,875)	(2,167)	5,276
	191,237	192,728	(86,452)	(55,387)	(15,695)	35,194
Reinsurance acceptances	213,842	221,072	(158,303)	(43,115)	(34,200)	(14,546)
Total	405,079	413,800	(244,755)	(98,502)	(49,895)	20,648

All premiums were concluded in the UK

6. Analysis of result by year of account

	2017 Pure Year	2018 Pure Year	2019 Pure Year	2020 Pure Year	2021 Pure Year	2022 Pure Year	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Technical account balance before allocated investment return and net operating expenses	681	917	(698)	(6,298)	(2,343)	126,891	119,150
Brokerage and commission on gross premium	(3)	(24)	(5)	(405)	(246)	(67,017)	(67,700)
	678	893	(703)	(6,703)	(2,589)	59,874	51,450
Other acquisition costs	-	-	2	-	(44)	(3,771)	(3,813)
Change in deferred acquisition costs	-	-	-	-	1	(979)	(978)
Net other expenses	24	(6)	(36)	9	(16)	(25,986)	(26,011)
Investment income	-	-	24	107	234	13,463	13,828
	24	(6)	(10)	116	175	(17,273)	(16,974)
Balance on technical account	702	887	(713)	(6,587)	(2,414)	42,601	34,476

Notes to the Syndicate Underwriting Year Accounts *(continued)*

7. Reinsurance to close premium receivable net of reinsurance

	Reported £'000	IBNR £'000	Total £'000
Gross outstanding losses	81,854	39,311	121,165
Reinsurance recoveries anticipated	(24,184)	(16,769)	(40,953)
Reinsurance to close premium receivable	57,670	22,542	80,212

8. Reinsurance to close premium payable net of reinsurance

	Reported £'000	IBNR £'000	Total £'000
Gross outstanding losses	(86,849)	(56,113)	(142,962)
Reinsurance recoveries anticipated	19,074	22,084	41,158
Reinsurance to close premium payable	(67,775)	(34,029)	(101,804)

9. Net operating expenses

	£'000
Acquisition costs	71,513
Change in deferred acquisition costs	978
Standard personal expenses	9,842
Administration expenses	16,169
	98,502

The closed year loss is stated after charging:

	£'000
Auditor's remuneration:	
Audit of the Syndicate Underwriting Year Accounts	40
Other services pursuant to Regulations and Lloyd's Byelaws	15
	55

The auditor did not receive any other remuneration other than that stated above.

Notes to the Syndicate Underwriting Year Accounts *(continued)*

10. Investment income

Investment income	**£'000**
Interest from financial assets at fair value through profit and loss	10,097
Interest on cash and cash equivalents	1,470
Other interest and similar income	667
Realised gains on investments	8,550
Unrealised gains on investments	2,757
	23,541
Investment expenses and charges	
Investment management expenses including interest	(231)
Realised losses on investment	(6,799)
	(7,030)
Unrealised losses on investments	(2,683)
Total investment return	13,828

11. Investments

	Fair Value £'000	**Cost £'000**
Shares and other variable yield securities and units in unit trusts	5,722	5,722
Debt securities and other fixed income securities	202,379	201,346
	208,101	207,068

The aggregate amount of listed investments included in the above is £133.5m.

There was no material change in fair value for financial instruments held at fair value (other than derivatives) attributable to own credit risk in the current or comparative period.

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
31 December 2024				
Shares and other variable yield securities and units in unit trusts	260	2,795	2,667	5,722
Debt securities and other fixed income securities	-	202,379	-	202,379
Total	260	205,174	2,667	208,101

Notes to the Syndicate Underwriting Year Accounts *(continued)*

11. Investments *(continued)*

Level 1 relates to Money Market Funds that are valued on a stable net asset value ("NAV") basis. Money Market Funds are readily convertible into cash, are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments. The level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. The level 3 category financial assets relate to the Lloyd's Central Fund Loans.

12. Debtors arising out of direct insurance operations

	£'000
Due within one year – Intermediaries	9,642
Due after one year – Intermediaries	112
	9,754

13. Debtors arising out of reinsurance operations

	£'000
Due within one year – Reinsurers	26,407
Due after one year – Reinsurers	30
	26,437

14. Creditors arising out of direct insurance operations

	£'000
Due within one year – Intermediaries	1,145

15. Creditors arising out of reinsurance operations

	£'000
Due within one year – Reinsurance accepted	1,334
Due within one year – Reinsurance ceded	16,584
	17,918

16. Inter-year loans

	£'000
Inter-year loans	107,473

Notes to the Syndicate Underwriting Year Accounts *(continued)*

17. Cash and cash equivalents

	£'000
Cash at bank and in hand	2,525
Holdings in collective investment schemes	3,055
	5,580

18. Related parties

Blenheim, Managing Agent of the Syndicate since 6 August 2021 is a wholly owned subsidiary of White Bear Capital Limited ("WBC").

Blenheim incurs the majority of the Syndicate's administrative expenses which it then recharges to the Syndicate without mark-up. Expenses incurred jointly for the White Bear Group ("The Group") are recharged to group companies on a basis representing the nature of the expenses and their usage by group companies.

Blenheim receives fees for acting as a manager of several consortia that are led by Syndicate 5886. No fees were charged to the Syndicate by Blenheim for this service.

As part of the Group, WBC wholly owns White Bear Corporate Capital Limited, a Lloyd's corporate member which participates on the Syndicate 5886 2022 Year of Account with a participation of £104.8m. For the 2022 Year of Account, the Syndicate provided three binding authorities to Blenheim Partnerships Limited "BPL" formerly White Bear Managers Ltd ("WBM"), a Lloyd's coverholder and member of the Group. BPL had written total fees of £0.6m in respect of the services for these binding authorities for the 2022 Year of Account. Both companies have common Directors with Blenheim.

All transactions are entered into on an arm's length basis.

19. Subsequent events

The 2022 underwriting year profit, including members' agents' fees, equates to £28.0m. This will be distributed to members in US Dollars during June 2025.

Summary of the Last Five Years Closed Year Results *(unaudited)*

As at 31 December 2024	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000
Syndicate allocated capacity	**179,796**	**214,760**	**249,696**	**324,900**	**359,752**
Number of Underwriting members	1,359	1,327	1,312	1,260	1,250
Aggregate net premiums (£'000)	118,516	156,717	174,395	215,992	325,436
Results for an illustrative share of 10,000					
Gross premiums written	8,620	9,453	9,349	8,842	11,260
Net earned premiums	6,712	7,295	6,800	6,846	9,180
Reinsurance to close from an earlier account	796	1,221	1,847	1,970	2,230
Net claims	(4,657)	(4,399)	(4,317)	(4,557)	(5,268)
Reinsurance to close	(1,458)	(2,147)	(2,563)	(2,469)	(2,830)
(Loss)/Gain on exchange	(47)	73	70	48	(5)
Syndicate operating expenses	(2,097)	(2,228)	(2,044)	(1,988)	(2,464)
Balance on technical account	(751)	(185)	(207)	(150)	843
Investment income less investment expenses and charges and investment gains less losses	63	28	(3)	93	384
(Loss)/Profit on ordinary activities	(688)	(157)	(210)	(57)	1,227
Currency translation differences	58	(98)	279	(47)	(154)
(Loss)/Profit before illustrative personal expenses	(630)	(255)	69	(104)	(1,074)
Illustrative personal expenses					
Managing Agents' fee	(75)	(75)	(75)	(75)	(75)
Other personal expenses (exc member's agents fees)	(68)	(67)	(64)	(69)	(199)
	(143)	(142)	(139)	(144)	(274)
(Loss)/Profit after illustrative personal expenses	(773)	(397)	(70)	(248)	800
Total of Syndicate operating expenses, Managing Agent's fee and Profit Commission	(2,172)	(2,303)	(2,119)	(2,063)	(2,539)
Gross capacity utilised	86.2%	94.5%	93.5%	88.4%	112.6%
Net capacity utilised	65.9%	73.0%	69.8%	66.5%	90.5%
Loss ratio	81.4%	76.9%	79.6%	80.0%	71.0%

Notes

1. The summary of closed year results has been prepared from the audited accounts of the Syndicate. This summary however is not audited.
2. Personal expenses have been stated at the amount which they would be incurred pro rata by individual Names writing the illustrative premium income in the Syndicate irrespective of any minimum charge applicable. Corporate members may be charged at different rates. Foreign tax, which may be treated as a credit for personal tax purposes, has been excluded.
3. As regards the 2022 Year of Account, an illustrative share of 10,000 represents 0.0028% of the respective allocated capacity.
4. The loss ratio is net claims paid plus the reinsurance to close divided by net earned premiums plus reinsurance to close received.